Distr.
GENERAL

IDB.15/6
25 March 1996

United Nations Industrial Development Organization ORIGINAL: ENGLISH

Industrial Development Board
Fifteenth session
Vienna, 6-10 May 1996
Item 8 of the provisional agenda

SECOND INDUSTRIAL DEVELOPMENT DECADE FOR AFRICA

Progress report by the Director-General

Summary

Reports on the implementation of the programme for the Second Industrial Development Decade for Africa and its activities, in compliance with General Conference resolution GC.6/Res.11. Also reports on the in-depth evaluation of the implementation of the programme and its activities in accordance with Board decision IDB.14/Dec.16.

CONTENTS

		Paragraphs	*Page*
Introduction		1 - 2	2
Chapter			
I.	IMPLEMENTATION IN 1994-1995	3 - 12	2
II.	IMPACT OF IDDA ACTIVITIES	13 - 16	3
III.	OUTLOOK FOR 1996-1997	17 - 22	4
IV.	UPDATING OF NATIONAL, SUBREGIONAL AND REGIONAL PROGRAMMES	23 - 26	5
V.	ACTION REQUIRED OF THE BOARD	27	5

V.96 81161 (E) (a:1996/pmo 1)

Distr.: 28 March 1996

Introduction

1. The present document represents an update to recent reports covering the implementation of the programme for the Second Industrial Development Decade for Africa (IDDA) and should be read in conjunction with that documentation. Most recently, information was provided in the document on UNIDO support for the Second IDDA (GC.6/11-IDB.14/21), the report of the Secretary-General to the United Nations General Assembly on implementation of the programme (A/50/487) and the *Annual Report of UNIDO 1994* (IDB.14/10, chap. III.B).

2. Since the convening of the sixth session of the General Conference, the Secretariat has further refined the IDDA programmes for 1996-1997, in full consideration of the mandates contained in General Conference resolution GC.6/Res.11, Industrial Development Board decision IDB.14/Dec.16 and resolution 50/94 of the United Nations General Assembly. While the present document constitutes a progress report on ongoing and planned activities, a more detailed report covering IDDA activities during the biennium 1994-1995 will be issued as a conference room paper (IDB.15/CRP.2).

I. IMPLEMENTATION IN 1994-1995

3. Total funds approved for the programme in the 1994-1995 biennium amounted to $10,536,900, consisting of two components: (a) technical cooperation activities, which comprised 49 per cent; and (b) supplementary activities, which comprised 51 per cent, including short-term advisory services (STAS). These components were interlinked and mutually reinforcing. Detailed information on activities financed during the 1994-1995 biennium are provided in the conference room paper referred to in paragraph 2 above.

4. Technical cooperation projects implemented included, *inter alia*, support to industries that establish linkages between industry and agriculture, with special emphasis on food production and food processing, and between industry and transportation and communications. The industries concerned embraced agro-related industries such as agricultural and food-processing machinery, fertilizers, pesticides and local manufacture of transportation, communications and telecommunications equipment. Emphasis was also placed on programmes including multi-country and large-scale national projects that promote economic integration at subregional and regional levels within the framework of efforts directed towards the establishment of the African Economic Community. Special attention was accorded to the development and promotion of small- and medium-scale industries in an effort to promote local entrepreneurship and private sector development. Equally important were cross-sectoral priorities such as human resources development, technology development, acquisition and transfer of technologies, formulation of industrial strategies and policies, integration of women in industrial development, energy and environment.

5. The supplementary activities were designed to help attain each of the specific IDDA objectives, especially in respect of skills development and promotional activities intended to encourage access to technology and investment resources. In so doing, they complemented the technical cooperation activities and laid the groundwork for future large-scale technical cooperation and investment programmes. The supplementary activities, including STAS, were carried out under four main headings: private sector support and promotion; human resources development; investment promotion and international linkages; and industrial policy support and public information.

6. The funds allocated for supplementary activities were also utilized both for preparatory activities and for follow-up to industrial sector programme review missions. Another portion of these funds was devoted to the organization of technical, subregional and regional meetings, such as the Conference of African Ministers of Industry (CAMI), the private sector forum held on the occasion of the twelfth meeting of CAMI, a seminar on development of an investment project for women entrepreneurs (Yaoundé, Cameroon), a workshop on the impact on the manufacturing sector of the CFA franc devaluation (Brazzaville, Congo) and a regional workshop on industrial policies and strategies: the experience of the Republic of Korea and its relevance to African countries (Seoul, Republic of Korea).

7. Short-term technical advisory services funds were a particularly useful means by which UNIDO could rapidly respond to requests from African countries and organizations. On-the-spot advice was provided on issues related to industrial policy, programme development, private sector development, investment promotion, training, regional and subregional cooperation, technology and resource mobilization. By their very nature, STAS activities were based on *ad hoc* requests. Whereas technical cooperation or supplementary activities required some lead time from formulation to implementation, STAS resources were a flexible and rapid instrument, rendering that source an indispensable arm of IDDA work in the following four categories: formulation of national and subregional programmes; investment and technical assistance; advisory services: negotiation and investment; and advisory services: technology development and acquisition.

8. In 1994-1995, a sizeable proportion of the value of all IDDA technical cooperation projects and supplementary activities, including STAS, was devoted to the least

developed countries (LDCs). The portion of technical cooperation and STAS activities, which are largely country specific, totalled some 63 per cent in the biennium, indicating the priority accorded LDCs. In the case of supplementary activities, the identification of a meaningful estimate for LDCs is confounded by the concentration of those activities at the regional and subregional level. Clearly, however, the greater part of regional projects is directed towards the LDCs.

9. In general, the distribution of IDDA projects and activities during the 1994-1995 biennium among the African subregions was in proportion to the number of countries in the subregion, since most of the technical cooperation projects as well as STAS activities were concentrated at the national level. This is in line with the nature of those activities, which were aimed at solving specific problems. On the other hand, supplementary activities concentrated on those with Africa-wide implications, such as preparation of industrial sector programme review missions and UNIDO participation in those missions; organization of meetings, symposiums, training seminars and workshops; attendance at conferences, round tables and meetings of joint committees.

10. Implementation of the technical cooperation and supplementary activities, including STAS, faced a number of constraints. In the Central African subregion, for example, the situation in Angola, Burundi, Rwanda and Zaire did not permit the execution of projects approved or developed for those countries. This accounts for the relatively small number of and low value expenditures for projects carried out in that subregion. Towards the end of the biennium, however, the improved situation in those countries, especially in Angola, gave more room for the programming of activities in those countries for execution during the 1996-1997 biennium.

11. With regard to the North African subregion where most of the countries are middle income economies, the proportion of projects carried out is relatively low as compared to Western or Eastern/Southern African subregions. Those countries were, however, among the largest beneficiaries of regional project activities, some of which they hosted. These include, for example, industry-related services (Algeria, Morocco, Tunisia), preparation of the investment forum (Casablanca, Morocco, March 1996), small and medium enterprise umbrella programme (Egypt), an expert group meeting, including studies, on the automotive industry in Africa (Tunisia) and a workshop on the enhancement of national project execution capabilities (Algeria, Morocco, Tunisia).

12. Despite the higher proportion of projects and activities carried out in the Eastern/Southern and Western African subregions, the internal situation in some of the countries in those subregions also made it difficult for projects to be carried out. This was particularly the case in Liberia, Mozambique and Sierra Leone. The improved situation in Mozambique and Sierra Leone towards the end of the biennium enabled the formulation and execution of some projects in those countries. The situation in Somalia did not permit the execution of projects and activities in that country.

II. IMPACT OF IDDA ACTIVITIES

13. An assessment was undertaken of IDDA activities carried out during the 1994-1995 biennium.[1] The analysis was not exhaustive but was based on selected sample projects and activities. Clear indications arise from the assessment that implementation of the programme during that period responded to the IDDA goals and objectives and was in line with the five development objectives contained in the medium-term plan, 1996-2001. Notable results were achieved in the provision of policy advice to Governments and the private sector; the development and rehabilitation of key industrial subsectors and branches, especially agro- and agro-related industries; linkage between industry and other economic sectors; human resources development and training, including entrepreneurship development and the integration of women in industry; promotion of the private sector, including small and medium industries; industrial restructuring and privatization; mobilization of financial resources, including project identification, preparation and promotion; development, acquisition and transfer of technology, including industry-related information and statistical data; environment; and regional and subregional cooperation.

14. Particular attention was paid to an adequate distribution of technical cooperation projects and supplementary activities, including STAS, among African subregions, with high priority being given to the special needs of LDCs. Coordination was maintained with the major African regional and subregional organizations and other international agencies involved with the industrialization of Africa, notably the Economic Commission for Africa (ECA), the Organization of African Unity (OAU), the African Development Bank (AfDB) and the African Business Round Table (ABR). This was particularly the case in respect of United Nations inter-agency cooperation and coordination within the framework of the United Nations Programme of Action for African Economic Recovery and Development (UNPAAERD), the CAMI meetings, the New Initiative for Africa of the United Nations Secretary-

[1] Additional information is contained in conference room paper IDB.15/CRP.2.

General, the UNIDO Action Programme for the Industrialization of the LDCs, the African Economic Community and the Cairo Agenda of Action for relaunching the social and economic development of Africa.

15. Africa Industrialization Day was celebrated on 20 November 1995 throughout the African continent and elsewhere, particularly in Vienna, New York and Geneva. The 1995 theme was "human resources development for industry". In support of the Day, UNIDO prepared and disseminated to all African countries films, posters and other publicity material depicting the theme. A joint address by the executive heads of UNIDO, ECA and OAU was presented, and statements were made by the President of the United Nations General Assembly and by the United Nations Secretary-General.

16. While the full impact of the implementation will take some time to be realized, the various motions of support to UNIDO by Governments and the private sector of the region reflect the contribution of the UNIDO IDDA programme to the attainment of the industrial development objectives of the region. Another manifestation of the success of the programme was the interest generated among various donors to contribute to the financing of some of the projects and activities, including follow-up action. This was the case, in particular, of the United Nations Development Programme (UNDP), Austria and Germany, which either co-financed some of the projects or have committed themselves to financing some of the follow-up activities. It is significant to note that some recipient Governments also made cash contributions for the implementation of projects and activities.

III. OUTLOOK FOR 1996-1997

17. On the basis of the positive experience acquired in the implementation of the 1994-1995 programme, it has been decided to retain the same structure for programming the 1996-1997 regular budget resources for IDDA. This implies retaining the two distinct components of the programme: technical cooperation and supplementary activities, including STAS. In so doing, particular attention is being accorded to the following subjects, all within the seven thematic priorities of the Organization:

(a) Policy advice and dialogue with African countries including analyses of the implications of Uruguay Round Agreements, technological advances and ISO 9000 on the industrial sector leading to the revision of national industrial strategies and policies as well as the national programmes for the Second IDDA;

(b) Industrial restructuring including privatization and rehabilitation of agro- and agro-related industries, as well as the linkage between industry and agriculture and transport and communications;

(c) Mobilization of investment financing for industry including project identification, preparation and promotion; support to investment promotion agencies and forums; and cooperation with international, regional and subregional financing institutions and development agencies;

(d) Private sector development and promotion, especially small and medium enterprises and support to private sector organizations;

(e) Human resources development for industry, including the development and training of entrepreneurial, managerial and technical skills and the integration of women in industry;

(f) Development, acquisition and transfer of technology including industrial and technological information and statistical data;

(g) Regional and subregional cooperation and integration including revision of subregional programmes for the Second IDDA and support to subregional organizations;

(h) IDDA publicity.

18. In respect of STAS, the following six priority areas will be covered: industrial strategies, policies and programme development; investment services; technology development, acquisition and transfer; private sector and promotion of small and medium industries; human resources development and training; and regional and subregional cooperation.

19. Within the framework of UNIDO cooperation with ADB, ECA and OAU, the Director-General has proposed a meeting of the executive heads of the three organizations. Among other issues, the meeting would discuss measures for the effective implementation of the resolutions adopted by the Conference of African Ministers of Industry and the programme for the Second IDDA.

20. In a new attempt to focus the attention of African decision makers and the international community on the region's industrial development potentials, the Director-General is launching as a special programme an Alliance for Africa's Industrialization. Emphasizing the need to mobilize these potentials through enhancing the role of the private sector and perspective integration in the dynamic world economy, prime attention is given to agro-related industries in which the region possesses potential comparative advantage that could be built up

and exploited. The programme features an alliance to be forged (a) between African decision makers in government, the private sector and the business community across the region, and (b) between African and international entities, both government and private sector.

21. Within the framework of that initiative and co-operation arrangements with regional and subregional organizations, measures are also being taken to update subregional and national programmes for the IDDA (see chap. IV below). Some of the resources allocated in the 1996-1997 programme and budgets for the IDDA will be utilized as seed money for financing the above initiative and activities.

22. The above measures are also being complemented by actions being taken by the Organization in the formulation and implementation of programmes relating to the seven thematic priorities. These relate in particular to the proposals outlined in priority theme number 7: Africa and LDCs: Linking industry and agriculture.

IV. UPDATING OF NATIONAL, SUB-REGIONAL AND REGIONAL PROGRAMMES

23. As reflected in recent mandates of UNIDO policy-making organs, the updating of national, subregional and regional programmes is perceived as a key element in the Second IDDA programme. The programme for the First IDDA was formulated by the ECA, OAU and UNIDO secretariats prior to approval by CAMI. The formulation of the national and subregional programmes for the Second IDDA was, however, undertaken by each country and organization with the assistance of UNIDO, based on a framework and guidelines which categorized the activities into the following four distinct groups: consideration of previous programmes; new investments; support programmes; and special programmes for the LDCs. The programme for the Second IDDA is therefore the result of national and subregional programmes of Member States from the region. The lead role of African Governments and the private sector in formulation and implementation of the programme for the Second IDDA is a fundamental principle embodied in the concept for the Decade.

24. The national programmes were drawn up when most economies were in transition owing to fundamental economic policy changes in many countries. The programmes of structural adjustment that were initiated acted upon the economic climate and policy environment for industrialization. Programmes of privatization were initiated and indeed a fundamental rethinking of the role of African Governments was the norm. Furthermore, the Uruguay Round Agreements and ISO 9000 went into operation along with increased globalization of industrial production.

25. Thus, revision and updating of the national programmes are required to represent more accurately the prevailing conditions of the Second Decade. Some countries have already initiated the revision and/or preparation of their national programmes and a number of others have indicated their wish to do so. The programmes will also require restructuring to reflect the new role of the private sector as called for by the twelfth meeting of CAMI.

26. In decision IDB.14/Dec.16 the Board requested in-depth evaluation on the implementation of the programme and its activities, including the updating of the national, subregional and regional programmes during the 1996-1997 biennium. Consultations have been initiated with ECA and OAU in order to finalize the terms of reference drafted by UNIDO. It is expected that the evaluation exercise will commence during 1996 and be concluded in 1997 for submission to the thirteenth meeting of CAMI and to the Industrial Development Board.

V. ACTION REQUIRED OF THE BOARD

27. The Board may wish to take note of the information contained in the present document and provide appropriate guidance for further action.